
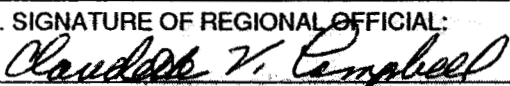


TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION		1. TRANSMITTAL NUMBER: <u>0 2 — 0 0 8</u>	2. STATE: Pennsylvania
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE January 1, 2002	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 440.120		7. FEDERAL BUDGET IMPACT: a. FFY <u>2002</u> \$ <u>2,972,618</u> b. FFY <u>2003</u> \$ <u>4,233,285</u>	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 3.1A Pages 5a, 5aa, 5b, 5c, 5cc, 5d and 5e		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 3.1A Pages 5a, 5aa, 5b, 5c, 5cc, 5d and 5e	
10. SUBJECT OF AMENDMENT: Update to nonlegend drugs and restricted drugs to allow the coverage of tobacco cessation drug products and nutritional supplements.			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Review and approval authority has been delegated to the Secretary of Public Welfare.			
12. SIGNATURE OF STATE/AGENCY OFFICIAL: 		16. RETURN TO: Commonwealth of Pennsylvania Department of Public Welfare P.O. Box 2675 Harrisburg, PA 17105	
13. TYPED NAME: Feather O. Houston			
14. TITLE: Secretary of Public Welfare			
15. DATE SUBMITTED: 3/12/02			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: JUN 6 2002	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1/1/02		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: CLAUDETTE V. CAMPBELL		22. TITLE: ASSOCIATE REGIONAL ADMINISTRATOR DIVISION OF MEDICAID AND STATE OPERATIONS	
23. REMARKS:			

SERVICE	LIMITATIONS
12. <u>Prescribed Drugs,</u> <u>Dentures, Prosthetic</u> <u>Devices, and Eyeglasses</u>	
12.a. Prescribed Drugs (Continued)	<p>Limitations On Payment - The following limits apply to payment for compensable services:</p> <p>(a) Payment is limited to a 34-day supply or 100 units, whichever is greater.</p> <p>(b) Payment for prescribed nonlegend drugs is limited to the following:</p> <p>(1) Those drug products marketed by drug companies which have entered into rebate agreements with the federal government as provided under Section 4401 of the Omnibus Budget Reconciliation Act of 1990.</p> <p>(2) Nonlegend drug products listed in the following categories:</p> <p>(i) Analgesics: acetaminophen and combinations, aspirin and combinations, salicylates, and nonsteroidal anti-inflammatory drugs.</p> <p>(ii) Antacids.</p> <p>(iii) Antidiarrheals: kaolin-pectin combinations and loperamide.</p> <p>(iv) Antiflatuants: simethicone and simethicone combined with an antacid.</p> <p>(v) Antinauseants: concentrated balanced solutions of sugar and orthophosphoric acid, cyclizine lactate, dimenhydrinate, and meclizine hydrochloride.</p> <p>(vi) Bronchodialators.</p>

SERVICE	LIMITATIONS
12. <u>Prescribed Drugs,</u> <u>Dentures, Prosthetic</u> <u>Devices, and Eyeglasses</u>	
12.a. Prescribed Drugs (Continued)	(vii) Cough and cold preparations, excluding mouthwashes, lozenges, troches, throat sprays, and rubs.
	(viii) Contraceptives.
	(ix) Hematinics, excluding long acting products: ferrous fumarate, ferrous gluconate, and ferrous sulfate.
	(x) Insulin.
	(xi) Laxatives and stool softeners.
	(xii) Nasal preparations: oxymetazoline, phenylephrine, xylometazoline, and naphazoline.
	(xiii) Ophthalmic preparations: ocular lubricants containing polyvinyl alcohol or cellulose derivatives, phenylephrine, and sodium chloride in strengths of 2.0 percent or greater.
	(xiv) Topical products containing one or more of the following ingredients: (A) Anesthetics: benzocaine, cyclomethycaine, dibucaine, lidocaine, pramoxine, and tetracaine. (B) Antibacterials: bacitracin, neomycin, polymyxin, povidone- iodine and tetracycline.

TN# 02-008

Supersedes

TN# 95-22

Approval Date JUN 6 2002

Effective Date: January 1, 2002

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER TYPES OF CARE

SERVICE	LIMITATIONS
12. <u>Prescribed Drugs, Dentures, and Prosthetic Devices, and Eyeglasses</u>	
12.a. Prescribed Drugs (continued)	<p>(C) Dermatological Baths: colloidal oatmeal and combinations and soya protein complex and combinations.</p> <p>(D) Antifungal Agents: iodochlorhydroxyquin (clinoquinol), miconazole nitrate, salicylanilide, salicylic acid, sodium caprylate, sodium proprionate, triacetin (glyceryl triacetate), tolfinate, undecylenic acid, esters, and salts, and clotrimazole.</p> <p>(E) Rectal Preparations: bismuth subgallate, yeast, and zinc oxide.</p> <p>(F) Tar Preparations, excluding soaps, shampoos, and cleansing agents.</p> <p>(G) Wet Dressings: aluminum acetate, aluminum sulfate, calcium sulfate, and zinc sulfate.</p> <p>(H) Scabicides: permethrin.</p> <p>(I) Corticosteroids: hydrocortisone.</p> <p>(J) Gel products containing benzoyl peroxide.</p> <p>(xv) Vitamins and Minerals: single entity and multiple vitamins with or without fluoride for children under three years of age based on medically supported documentation, single entity and multiple vitamins when prescribed for prenatal use, nicotinic acid and its amides, and calcium salts.</p> <p>(xvi) Diabetes Testing Reagents.</p> <p>(xvii) Quinine.</p> <p>(xviii) Oral Electrolyte Mixtures.</p> <p>(xix) Tobacco Cessation Products.</p>

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER TYPES OF CARE

SERVICE	LIMITATIONS
12. <u>Prescribed Drugs, Dentures, and Prosthetic Devices, and Eyeglasses</u>	
12.a. Prescribed Drugs (continued)	<p>(d) Payment will not be made to any pharmacy for the following services and items:</p> <ol style="list-style-type: none">1. Any pharmaceutical product marketed by a drug company which has not entered into a rebate agreement with the federal government as provided under Section 4401 of the Omnibus Budget Reconciliation Act of 1990.2. Legend and nonlegend drugs whose prescribed use is not for a medically accepted indication.3. Drugs and other items prescribed for any of the following:<ol style="list-style-type: none">(i) Obesity, anorexia, weight loss, weight gain, or appetite control unless the drug or item is prescribed for any medically acceptable indication other than obesity, anorexia, weight loss, weight gain, or appetite control.(ii) Hair growth or other cosmetic purposes.(iii) Symptomatic relief of cough or colds, except when prescribed for recipients under 21 years of age or for nursing home residents.(iv) To promote fertility.4. Nonlegend drugs in the form of troches, lozenges, throat tablets, cough drops, chewing gum with the exception of products for tobacco cessation, mouthwashes, and similar or related products.5. Pharmaceutical services provided to a hospitalized person.

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER TYPES OF CARE

SERVICE	LIMITATIONS
12. <u>Prescribed Drugs, Dentures, and Prosthetic Devices, and Eyeglasses</u>	
12.a. Prescribed Drugs (continued)	<p>6. All single entity and multiple vitamins except for the following:</p> <ul style="list-style-type: none">(i) Single entity and multiple vitamin preparations with or without fluorides for children under three (3) years of age, based on medically supported documentation.(ii) A prescription drug product which contains a single entity vitamin combined with a legend drug.(iii) Vitamin D and its analogs.(iv) Nicotinic acid and its amides.(v) Vitamin K and its analogs.(vi) Folic acid.(vii) Single entity and multiple vitamin preparations when prescribed for prenatal use. <p>7. Drugs and devices classified as experimental by the FDA.</p> <p>8. Drugs and devices not approved by the FDA.</p> <p>9. Placebos.</p> <p>10. Nonlegend soaps, cleansing agents, dentifrices, mouthwashes, douche solutions, diluents, ear wax removal agents, deodorants, liniments, antiseptics, irrigants, and other personal care and medicine chest items.</p> <p>11. Nonlegend aqueous saline solutions.</p> <p>12. Nonlegend water preparations.</p>

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER TYPES OF CARE

SERVICE	LIMITATIONS
12. <u>Prescribed Drugs, Dentures, and Prosthetic Devices, and Eyeglasses</u>	
12.a. Prescribed Drugs (continued)	13. Compound prescriptions when: <ul style="list-style-type: none">(i) The active ingredients are used in quantities insufficient to produce a therapeutic effect or response.(ii) The active ingredient or active ingredients used in the compound are noncompensable.
	14. Nonlegend drugs not specified in this section.
	15. Legend or nonlegend drugs that the manufacturer seeks to require as a condition of sale that associated tests or monitoring services be purchased exclusively from the manufacturer or its designee.
	16. The following items when prescribed for recipients receiving skilled nursing and intermediate care facility services: <ul style="list-style-type: none">(i) Intravenous solutions as a routine source of electrolytes, nutrition, and water for hydration except when used to prepare compounded intravenous medications specifically ordered for and dispensed to a particular recipient. The payment for intravenous solutions is included in the nursing home per diem rate.(ii) The following classes of nonlegend drugs:<ul style="list-style-type: none">(A) Analgesics.(B) Antacids.(C) Antacids with simethicone.(D) Cough-cold preparations.(E) Contraceptives.

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER TYPES OF CARE

SERVICE	LIMITATIONS
12. <u>Prescribed Drugs, Dentures, and Prosthetic Devices, and Eyeglasses</u>	
12.a. Prescribed Drugs (continued)	(F) Laxatives and stool softeners. (G) Ophthalmic preparations. (H) Diabetes Testing Agents. (I) Nutritional Supplements Payment for these nonlegend products is included in the nursing home per diem rate. (iii) Legend laxatives. Payment for all laxatives is included in the nursing home per diem rate.
	17. Items prescribed or ordered by a prescriber who has been barred or suspended during an administrative action from participation in the Medical Assistance Program.
	18. Prescriptions or orders filled by a pharmacy other than the one to which a recipient has been restricted because of misutilization or abuse.
	19. DESI drugs and any identical, similar, or related products or combinations of these products. The state agency will grant a 30-day grace period from the date of publication of the Notice of Opportunity for Hearing (NOOH) in the <i>Federal Register</i> in order to provide ample time to notify all providers that coverage for DESI drugs shall cease. In addition, the state agency will use this 30-day grace period to identify all products which are identical, similar, or related to the DESI described in the <i>Federal Register</i> and to make any necessary changes to the claims FFP for any periods beyond the 30-day period after publication of the NOOH in the <i>Federal Register</i> .
	20. Nonlegend impregnated gauze and any identical, similar, or related nonlegend products.